

REPORTING

Note X – Deposits and Investments

It is the (city/county/district's) policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds (or if not prorated, explain your unique circumstances). [1]

All deposits and certificates of deposit are covered by (the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission). [2] All investments are insured, registered or held by the (city/county/district) or its agent in the government's name. [3]

Investments are reported at (amortized cost/original cost/fair value). [4] Investments by type at December 31, 20__ are as follows: [5]

<u>Type of Investment</u>	<u>(City/county/district's)</u> <u>own investments</u> [6]	<u>Investments held by (city/ county/</u> <u>district) as an agent for other</u> <u>local governments, individuals</u> <u>or private organizations.</u> [7]	<u>Total</u>
L.G.I.P.	\$_____	\$_____	\$_____
U.S. Government Securities	_____	_____	_____
Other:	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Total	\$_____	\$_____	\$_____

Securities Lending Transactions [8]

Derivatives [9]

Compensating Balances [10]

INSTRUCTIONS TO PREPARER

- [1] Disclose any income from investments associated with one fund that is assigned to another fund. See Sweeping Interest and Investment Returns into General Fund for legal requirements related to interest diversion.
- [2] If the city/county/district deposits are not entirely insured, disclose the amount that is uncollateralized.
- [3] If investments are uninsured, unregistered and held by the counterpart's trust department or agency in the government's name, disclose the circumstances.
- [4] Investments may be presented at amortized cost, original cost or fair market value. With amortized cost, interest earnings are recorded when earned. With original cost, interest earnings are recorded only when received. With fair value, unrealized changes in fair value are recorded

as interest revenue. If presentation varies by investment type or fund, these differences must be described.

- [5] List all investments (including invested surplus cash). Real property held for future use should not be considered an investment, as it is not an eligible investment for local governments.
- [6] Column 1 should also include investments accounted for in governmental (including permanent) and proprietary funds.
- [7] Column 2 should include all the investments accounted for in agency, private-purpose, pension and investment funds.
- [8] If the government participated in any securities lending transactions during the period, the following information should be disclosed:
 - Source of legal or contractual authorization for securities lending transactions and any restrictions on the amount of the loans that can be made.
 - General description of the securities lending transactions.
 - Type of securities lent.
 - Type of collateral received.
 - Whether the government has the ability to pledge or sell collateral securities without a borrower default.
 - Amount by which the value of the collateral provided is required to exceed the value of underlying securities.
 - Any loss indemnification (i.e., a securities lending agent's guarantee that it will protect the lender from certain losses), fair values of underlying securities at the balance sheet date.
 - Whether the maturities of the investments made with cash collateral generally match the maturities of their securities loans, as well as the extent of such matching at the balance sheet date.
 - Amount of credit risk, if any, related to the securities lending transactions (if the lender has not credit risk, that fact should be stated) and any losses resulting from defaults.
- [9] If the government used, held, or sold any derivatives or similar instruments during the period covered by the financial statements, it must disclose the nature of transactions, objective for entering into transaction, the notional amount, effective date and other significant terms and the fair market value of the derivative as of fiscal year end.
- [10] If the government has any compensating balance agreements with banks in lieu of payments for services rendered, disclose the average compensating balances maintained during the year.